

# **FISCAL NOTE**

## **SB 887 - HB 1131**

February 23, 2001

### **SUMMARY OF BILL:**

- Allows for the creation of public charter schools in Tennessee. Such schools would be exempt from all statutes, rules and regulations applicable to schools, school boards, and local education agencies although it may elect to comply with one or more such rules. A public charter school could be formed by creating a new school or converting an existing school. An existing public school could convert only with the agreement and support of 75% of the full-time teachers and 60% of the parents whose children are enrolled in the school.
- Allows approval of no more than six charter school applications per grand division for academic years 2002-03, 2003-04, and 2004-05 (rather than academic years 2001-02, 2002-03, and 2003-04 as stated in the bill). After 2004-05, there shall be no limit on the number of charter applications that may be approved unless the General Assembly limits applications prior to that time. In approving applications, preference will be given to programs designed to serve at-risk or special needs students. The Department of Education shall reimburse a local chartering authority for up to \$2,000 in expenses, including staff time, for each application that the local chartering authority receives and approves. A public charter school would require licensure or waiver eligibility for all teachers. No charter agreements could be granted that authorizes conversion of any private or home-based school to charter status.
- Provides that the Local Board of Education would allocate funds to a public charter school on the same basis as all other public schools. Funds usually allocated on the basis of actual enrollment in the prior year would be allocated on anticipated enrollment during the first full academic year of a public charter school's operation.
- Mandates that each charter school make at least one annual progress report to the sponsor of the charter school, the chartering authority, the Education Oversight Committee of the General Assembly, and the Commissioner of Education. The annual report shall contain (1) the progress of the school toward achieving the goals outlined in its charter, (2) the same information required in the report prepared by local boards of education pursuant to state laws, rules and regulations, and (3) financial records of the charter, including revenues and expenditures.
- Requires the State Department of Education to provide information to the public, directly and through the local board of education, on how to form and operate a charter school.
- Encourages charter schools, the local board of education and the State Board of Education to apply for federal funds specifically appropriated for the support of charter schools.
- Authorizes the State Board of Education to promulgate rules and regulations for the administration of this act.

### **ESTIMATED FISCAL IMPACT:**

#### **Increase State Expenditures:**

**\$44,000 Recurring/Dept. of Education FY01-02 and thereafter (Reflected in the Governor's FY01-02 Budget)**

**\$36,000 One-Time FY01-02 (Reflected in the Governor's FY01-02 Budget)**

**Exceeds \$900,000/BEP FY02-03 and thereafter**

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**Increase Local Govt. Expenditures\*:  
Exceeds \$425,000/BEP FY02-03 and thereafter**

**Other Fiscal Impact - Increase Federal Revenues:  
Exceeds \$100,000 FY02-03 and thereafter**

Estimate assumes:

- One position and related expenses in the Department of Education for administrative purposes associated with public charter schools.
- The Department of Education will reimburse local boards \$2,000 for each of the 18 applications received and approved for the three academic years.
- A typical public charter school will have at least 200 students and at least 10% will come from private schools and/or from home schools.
- Eighteen schools will be established for academic years 2002-03, 2003-04 and 2004-05 (rather than academic years 2001-02, 2002-03 and 2003-04 as stated in the bill) and will increase BEP funding for at least 360 students who are not now enrolled in public schools.
- BEP funding for 2000-01 provided an average of approximately \$3,825 per student of which approximately 67.5% is state funds.
- BEP funding for 2002-03 is based on an amount exceeding \$50,000 for each public charter school established.
- Assumes a cost to the Department of Education to provide information to the public, directly and through the local board of education, on how to form and operate a charter school. Such cost is estimated to be not significant.
- Tennessee will be eligible to receive federal charter school grants.

The Governor's FY01-02 Budget reflects \$80,000 for charter schools. It is assumed that the charter school program does not actually begin until FY02-03. Therefore, this fiscal note assumes one position and related expenses in the Department of Education (\$44,000) and \$36,000 to reimburse 18 applicants is needed during FY01-02 from the \$80,000 improvement request in the Governor's FY01-02 recommended budget.

For information purposes, the Department of Education has applied for federal funding of \$601,600 for FY01-02 and \$3,609,500 for FY02-03 to fund charter school legislation.

Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director